

# CLARK CANADIAN EXPLORATION COMPANY

*(Incorporated under the laws of the State of Texas)*

## DIRECTORS

Patrick S. Beaird, *Denver, Colorado*  
Gene Clark, Jr., *Denver, Colorado*  
Peter O. Crisp, *New York, New York*  
Edward R. Hewitt, *Denver, Colorado*  
Christopher D. Illick, *New York, New York*  
D. G. Lawson, *Toronto, Ontario*  
Claude R. Nash, *Denver, Colorado*  
J. N. Sherrill, Jr., *Wichita Falls, Texas*

## OFFICERS

Gene Clark, Jr., *Chairman, President and Chief  
Executive Officer*  
J. N. Sherrill, Jr., *Vice-President and General  
Counsel*  
Patrick S. Beaird, *Vice-President*  
Edward R. Hewitt, *Vice-President*  
Claude R. Nash, *Secretary, Treasurer and Chief  
Financial Officer*

## REGISTRAR AND TRANSFER AGENT

The Canada Trust Company, *Toronto, Ontario  
and Calgary, Alberta*

## EXCHANGE LISTING

Toronto Stock Exchange, *Toronto, Ontario*

## CORPORATE OFFICE

1840 Colorado State Bank Building  
*Denver, Colorado 80202*  
(303) 825-2285

## CANADIAN DIVISION

798 Pacific Plaza, *Calgary, Alberta*  
(403) 262-9586

## OKLAHOMA DIVISION

1704 Fidelity Building  
*Oklahoma City, Oklahoma 73102*  
(405) 239-2561

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# CLARK CANADIAN EXPLORATION COMPANY

## INTERIM REPORT

Six Months Ended  
November 30, 1972

## REPORT TO SHAREHOLDERS

During the first six months of this fiscal year, your management devoted substantial effort toward the completion of a registration and public offering of the Company's common shares in the United States. Hopefully, this offering will have been completed by the time you receive this letter. The 4.5 to 1 reverse share split and our new name, Clarcan Petroleum Corporation, which you approved at our annual shareholders' meeting on October 24, 1972, will become effective concurrently with the sale of the additional shares. The resulting proceeds will be used to acquire additional petroleum reserves, to pay the Company's portion of completion and development costs following exploration discoveries and to continue our exploration activities.

The Company's operations resulted in a loss of \$36,719 or \$.01 per share in the six months ended November 30, 1972, compared to net income of \$36,186 or \$.02 per share in the prior period. The decline in the Company's earnings in the current period resulted primarily from a reduction of 145,000 barrels of oil reserves attributable to the Company's interest in the Claresholm field in Alberta. This reduction increased the rate of depreciation, depletion and amortization expense and accounted for approximately \$30,000 of the Company's loss. Under the Company's full cost method of accounting, if we do not develop additional petroleum reserves by May 31, 1973, the Company may charge off up to \$400,000 of its previously capitalized oil and gas costs.

We are pleased to report that in December of 1972, your Company made a commercial discovery of oil on its Keho prospect in Alberta. The extent of this discovery will be determined by further testing of this exploratory well and the programmed drilling of a development well.

During January and February of this year the Company will commence drilling on five exploratory prospects in the Anadarko Basin of Oklahoma and one in Alberta, Canada. The Oklahoma exploratory drilling consists of the Wolf Creek, Tangier, May, N.E. Mutual and Anthon prospects. The Alberta exploratory drilling is represented by the Noble prospect.

In August, 1972, the Company acquired an interest of approximately 35% in a Delaware corporation, Companhia de Fosfatos de Angola, S.A.R.L. (which we call "Cofan") and \$100,000 cash in exchange for 257,049 common shares of your Company. Cofan has a 965 square mile concession covering phosphate mining in the Cabinda district of Portuguese Angola, West Africa. Others owning interests in Cofan are individuals and companies in Portugal and the United Kingdom. Cofan's management is now conducting a study to determine the existence of commercially mineable phosphate deposits and the feasibility of producing and selling phosphoric acid from the mined deposits. The results of this study will not be known until about June 1, 1973.

January 19, 1973

Gene Clark, Jr., President



## CLARK CANADIAN EXPLORATION COMPANY AND SUBSIDIARY

Six Months Ended  
November 30  
1972      1971  
(Unaudited)      (Unaudited)

### CONSOLIDATED STATEMENT OF OPERATIONS

OPERATING REVENUES:		
Lease and service sales	\$ 349,569	\$ 394,447
Oil and gas production income	292,469	160,842
	<u>642,038</u>	<u>555,289</u>
OPERATING EXPENSES:		
Cost of lease and service sales	236,201	234,787
Oil and gas production expenses	76,866	46,225
General and administrative expenses	152,690	148,091
Depreciation, depletion and amortization	213,000	90,000
	<u>678,757</u>	<u>519,103</u>
NET INCOME (LOSS)	\$ <u>(36,719)</u>	\$ <u>36,186</u>
EARNINGS (LOSS) PER COMMON SHARE ASSUMING FULL DILUTION		
	\$ <u>(.01)</u>	\$ <u>.02</u>

### CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

FUNDS WERE PROVIDED FROM:		
Net income (loss)	\$ (36,719)	\$ 36,186
Add charges to income not requiring funds -		
Depreciation, depletion and amortization	213,000	90,000
Funds provided from operations	<u>176,281</u>	<u>126,186</u>
Acquisitions -		
Common shares issued	257,049	857,147
Investments	(235,533)	(533,268)
	<u>21,516</u>	<u>323,879</u>
Exercise of share option	<u>2,276</u>	<u>—</u>
Total funds provided	<u>200,073</u>	<u>450,065</u>
FUNDS WERE APPLIED TO:		
Additions to oil and gas properties	132,831	178,462
Additions to furniture and fixtures	2,433	33,065
Additions to deferred costs	81,709	—
Total funds applied	<u>216,973</u>	<u>211,527</u>
INCREASE (DECREASE) IN WORKING CAPITAL	\$ <u>(16,900)</u>	\$ <u>238,538</u>